



Hartford Foundation
FOR PUBLIC GIVING

**Hartford Foundation Testimony in Support of
Senate Bill 382, An Act Concerning a Connecticut New Markets Tax Credit Program
Finance, Revenue and Bonding Committee**

March 15, 2022

Good afternoon, Co-Chairs Senator Fonfara and Representative Scanlon, Senator Martin and Representative Cheeseman, and distinguished members of the Finance, Revenue and Bonding Committee. The Hartford Foundation for Public Giving appreciates this opportunity to testify **in support of Senate Bill 382, An Act Concerning a Connecticut New Markets Tax Credit Program.**

The Hartford Foundation for Public Giving is the community foundation for the 29-town Greater Hartford region. As a community foundation, we manage approximately \$1 billion in assets, over the past two years, the Foundation has distributed a record-breaking \$97 million in grants to promote equitable opportunity for all residents in our region. Made possible by the gifts of generous individuals, families and organizations, the Foundation has awarded grants of more than \$894 million to nonprofit organizations since its founding in 1925. While significant, these resources pale in comparison to what is needed and obligated from the public sector.

As part of our efforts to dismantle structural racism and improve social and economic mobility for Black and Latino residents of Greater Hartford, the Hartford Foundation seeks to **increase the number of Hartford residents living in higher opportunity neighborhoods.** Higher opportunity neighborhoods are defined by a variety of factors, including low unemployment, better performing schools, lower crime and greater availability of quality, affordable housing stock.

The Hartford Foundation seeks to increase the number of Hartford residents living in higher opportunity neighborhoods by aligning and leveraging additional investment in Hartford neighborhoods and increasing social strength and connectedness within them. COVID has reinforced the need for all of us to live in safe, stable homes, in safe, stable neighborhoods, in safe, stable communities.

Public commitment must address the interplay of basic human needs, including access to food, mental and physical health care services, housing and other needs, and provide adequate support to the nonprofit organizations providing these services.

The Foundation offers its support for Senate Bill 382 as we believe that a Connecticut New Market Tax Credit Program will be a valuable tool to support nonprofit organizations doing work in Connecticut's urban communities that have experienced decades of extreme poverty and unemployment, a situation exacerbated by the dual public health and economic crises created by the pandemic. This tax credit would provide a new source of financing for nonprofit entities and community facilities in Connecticut's most challenged communities. We know that the vast majority of the nonprofit entities in our urban communities serve vulnerable residents from throughout the state.

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Connecticut's nonprofits are a major provider, and in many cases, the sole provider of services including access to healthy food, health care, childcare, education and youth services. Since the COVID-19 outbreak, nonprofits have taken on additional financial burdens in order to work remotely and to protect the health and safety of their staff and clients. Many of these costs were not reimbursable by the state, Coronavirus Relief Funds, or Paycheck Protection Program loans. Many nonprofits also experienced decreases in revenue due to the inability to hold in-person fundraising events or in-person revenue-generating programs.

The Connecticut New Markets Tax Credit program will incentivize private investment in nonprofits that are implementing capital projects in low-income communities. Private investment in these projects will enhance the critical supports offered by nonprofits.

The New Markets Tax Credit program will provide Connecticut businesses with a state income tax credit in exchange for their investment in nonprofit organizations serving a low-income community. Low-income communities are defined having as census tract with a poverty rate of at least 20 percent or with a median family income below 80 percent of the area median family income, a majority of the residents in these communities are Black and Latino.

These investments will provide a seven-year forgivable loan to the nonprofit entity and allow them to use these investments to finance capital projects or programs that provide access to services, as well as creating quality construction jobs that provide living wages and benefits.

The Connecticut New Market Tax Credit program represents a thoughtful approach to helping the state address decades of systemic racial and economic inequities in Connecticut's low-income communities.

Thank you for the opportunity to provide testimony. If you have any questions, please feel free to contact our staff at policy@hfpg.org or 860-548-1888.

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